

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Tri-County Aging Consortium	County Ingham
Fiscal Year End 9/30/2007	Opinion Date March 13, 2008	Date Audit Report Submitted to State March 19, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

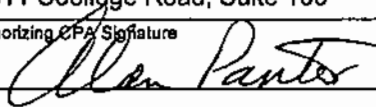
YES
2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	N/A		
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit		
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number 517-351-6836		
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI	Zip 48823
Authorizing CPA Signature 		Printed Name Alan D. Panter, CPA		License Number 1101020708

**Tri-County Aging Consortium
Lansing, Michigan**

FINANCIAL STATEMENTS

September 30, 2007

Tri-County Aging Consortium

September 30, 2007

ADMINISTRATIVE BOARD

Leonard Peters	Chairperson
Harold Leeman	Vice-Chairperson
Joan Jackson-Johnson	Board member
Diane Goddeeris	Board member
Jack Enderle	Board member
Chris Swope	Board member
Joe Brehler	Board member
Linda Keefe	Board member
Steve Dougan	Board member
Rebecca Bahar-Cook	Board member
Victor Celentino	Board member
Eileen Heideman	Board member

ADMINISTRATION OFFICIALS

Marion Owen	Executive Director
Amy Colletti	Finance Director

Tri-County Aging Consortium

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Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

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East Lansing, MI 48823
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Tri-County Aging Consortium, as of and for the year ended September 30, 2007, which collectively comprise the Consortium's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

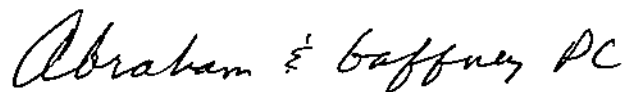
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Tri-County Aging Consortium as of September 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2008, on our consideration of the Tri-County Aging Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The accompanying other supplementary information and Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Abraham & Gaffney PC".

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 13, 2008

Tri-County Aging Consortium

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

As management of the Tri-County Aging Consortium, we offer our readers of the financial statements this narrative overview and analysis of the financial activities of Tri-County Aging Consortium for the fiscal year ended September 30, 2007.

Financial Highlights

This discussion and analysis is required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The GASB is charged with developing "generally accepted accounting principles" (GAAP) for governmental entities and is the main standard-setting body for governmental GAAP.

As shown on the Tri-County Aging Consortium's Statement of Net Assets listed in the following pages, assets exceeded liabilities by \$3,081,786 at the end of the fiscal year, which represents an increase from the prior year of \$1,109,617.

Overview of the Financial Statements

This discussion and analysis is intended to provide a basis of understanding Tri-County Aging Consortium's basic financial statements. These statements are made up of three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the financial statements. Supplementary information is also provided for additional informational purposes.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the Statement of Net Assets and Governmental Funds Balance Sheet on a single page and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances on a single page. The financial statements also contain required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Statements

The Statement of Net Assets presents information on all of Tri-County Aging Consortium's (the "Consortium") assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of the Consortium's overall financial position.

The Statement of Activities presents information showing how the Consortium's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

The Statement of Activities reports the costs of the services that the Consortium provides which are principally supported by State and Federal grant revenues. The governmental activities of the Consortium include regional planning, coordination, contracting and direct provision of services for clients through various programs that promote and preserve the independence and dignity of the aging population.

The Government-wide Financial Statements include only the Consortium itself. The Consortium has no legally separate component units for which the Consortium is financially accountable. In this report, combined financial statements are provided for the Governmental Funds Balance Sheet and the Statement of Net Assets and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activity. The General Fund, Grants Special Revenue Fund, and Capital Projects Fund are considered to be major funds for financial reporting purposes.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Consortium, like other units of state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities of the Consortium are accounted for in governmental funds.

Tri-County Aging Consortium

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental fund and the government-wide statements.

The Consortium adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for the required funds herein to demonstrate compliance with those budgets.

The Consortium does not maintain proprietary or fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Consortium's financial statements. The notes to the financial statements can be found on pages 7 through 16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to management discussion and analysis and budgetary comparison schedules, as listed in the Table of Contents.

In the table below is the required the reporting model as listed in the Governmental Accounting Standards Board Statement No. 34. Listed in the tables is prior-year and current year information in order to present comparative analysis of government-wide data.

	Year Ended 9/30/06	Year Ended 9/30/07
Condensed Statement of Net Assets:		
Current and other assets	\$ 2,667,878	\$ 3,775,383
Capital assets	<u>87,152</u>	<u>80,536</u>
Total assets	<u>2,755,030</u>	<u>3,855,919</u>
Long-term liabilities	61,524	83,397
Other liabilities	<u>721,337</u>	<u>690,736</u>
Total liabilities	<u>782,861</u>	<u>774,133</u>
Net Assets:		
Invested in capital assets	87,152	80,536
Restricted	824,373	800,630
Unrestricted	<u>1,060,644</u>	<u>2,200,620</u>
Total net assets	<u>\$ 1,972,169</u>	<u>\$ 3,081,786</u>

Tri-County Aging Consortium
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

	Year Ended <u>9/30/06</u>	Year Ended <u>9/30/07</u>
Condensed Statement of Net Activities:		
Revenue		
Program Revenues	\$ 10,947,812	\$ 12,341,998
General Revenues	<u>353,867</u>	<u>312,931</u>
Total revenue	<u>11,301,679</u>	<u>12,654,929</u>
Expenses		
Health and Welfare	<u>11,621,088</u>	<u>11,545,312</u>
Change in Net Assets	<u>\$ (319,409)</u>	<u>\$ 1,109,617</u>
Capital Assets and Debt Administration:		
Tri-County Aging Consortium Capital Assets		
Capital assets being depreciated:		
Leasehold improvements	\$ 142,677	\$ 142,677
Vehicles	146,752	167,246
Equipment	<u>282,345</u>	<u>282,345</u>
Sub-total	<u>571,774</u>	<u>592,268</u>
Accumulated Depreciation		
Leasehold improvements	114,142	123,654
Vehicles	107,527	120,450
Equipment	<u>262,953</u>	<u>267,628</u>
Total Accumulated Depreciation	<u>484,622</u>	<u>511,732</u>
Total capital assets being depreciated - net	<u>\$ 87,152</u>	<u>\$ 80,536</u>
Long-term Debt		
Total	<u>\$ 76,905</u>	<u>\$ 83,397</u>

Additional information on the Consortium's long-term debt can be found in Note F on page 13 of this report.

Economic Factors and Budgetary Highlights

The Consortium amended its 2007 budget during the fiscal year to reflect changes in the Statement of Grant Award amounts as well as increased costs for health, workers compensation, and general liability insurance. In 2007 the General Fund revenues were in excess over expenditures by \$155,463 and the revenue for the Grants Special Revenue Fund was over expenditures by \$959,392. Compared to 2006 the figures for the amount the General Fund revenues exceeded expenditures was by \$200,701 and the revenue for the Grants Special Revenue Fund was under expenditures by \$480,728 in 2006. The results of operation in 2007 showed an improved financial position over 2006 only for the Grants Special Revenue Fund.

Tri-County Aging Consortium
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

As of the end of 2007, the Consortium reported combined ending fund balances in the Grants Special Revenue Fund of \$1,243,700. That is an increase of \$1,102,005 in comparison with the prior year. This increase is primarily due to one major factor. The HCBS Waiver program used its fund balance for services during Fiscal Year 2006 to cover the Special Memorandums of Understanding (SMOU) and Nursing Facility Transitions (NFT) Services portion of its budget. The total amount SMOU's and the NFT's were reimbursed in Fiscal Year 2007 at the settlement reconciliation for the contract year ended September 30, 2006. Both SMOU's and NFT's are reimbursable over the HCBS Waiver Contract Cap agreement amount. These depletions are from *fund balances* that were *designated* for use within these programs.

During fiscal year 2007, the fund balance of the Consortium's General Fund increased by \$12,850 over budgetary estimates. This is primarily attributable to cost saving measures implemented in prior periods. During fiscal year 2006 the fund balance of the Consortium's General Fund increased by \$60,952 over the budgetary estimates. In 2007 there was less of an increase in fund balance as compared to 2006.

During fiscal year 2007, general fund expenditures were less than budgetary estimates, resulting in an actual increase in fund balance from the final amended budget amount by \$35,656. For 2006 the actual decrease in fund balance from the final amended budget amount was \$73,239.

In all instances where actual expenditures exceeded appropriations in the final budget, overages were funded through the use of available fund balance and revenues.

Budget to actual comparisons for all other Consortium special revenue funds were generally favorable in varying degrees. Overall the financial position has increased during the year with regard to Fund Balance amounts. This is due to the HCBS Waiver program settlement reconciliation being completed for the FYE 2006 with reimbursement for the SMOU's and the NFT's. The largest unavoidable rising cost is due to the increases in prescription coverage and medical insurance. Other costs that could have a large impact are staff cost of living increases and staff merit increases. In 2007 there was a 4% cost of living increase given 8 months into our Fiscal Year 2007 ; however no merit increases were awarded to staff in order to keep costs down. Compared to 2006, in which there was a 4% cost of living increase awarded at the beginning of the fiscal year and no merit increases that were awarded to staff.

For the following components of the Grants Special Revenue Fund there was a decrease in the Statement of Grant Award over 2006: Title III-B Services decreased (\$15,241); Title III-E Services (NFCSP) decreased (\$9,359); State Respite Care decreased (\$1,648); State Admin decreased (\$1,273); and Senior Refugee Support Project Allocations had a decrease of (\$9,750); Nutrition Services Incentive Program (NSIP) had a decrease of (\$11,091); and Title IIIC-2 Services had a decrease of (\$34,017). Title IIIC-1 Services had an increase in the Statement of Grant Award from 2005 in the amount of \$41,530.

The HCBS Waiver program had revenues of \$6,986,448 and expenditures of \$7,440,504 in 2006. This was a net excess of (\$454,056) of expenditures over revenue. In 2007 the HCBS Waiver program cost settlement for FY 2006 was included in the revenues of \$8,500,661 and the 2007 expenses were \$7,387,059. This was a net excess of \$1,113,602 of revenue over expenditures which is an increase of \$665,448 over the prior year. The State of Michigan has not completed the cost settlement for FY 2007 and this is expected to be settled in FY 2008.

Agency's Mission. Tri-County Aging Consortium's mission is to promote and preserve the independence and dignity of the aging population. Community Based services and supports are provided to a wide variety of adults ranging from those that are physically well to those that are physically frail. All services are targeted to those persons in greatest economic and social need with emphasis on low-income individuals, minorities and persons with disabilities.

Future Information

The funding is determined at the Federal and State level and at present no other cuts to services are anticipated. State cuts in our funding, however, could be made at any time, even in mid-year, that would have a significant effect on the Consortium's financial position or operations.

Tri-County Aging Consortium
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

Requests for Information

This financial report is designed to provide a general overview of Tri-County Aging Consortium's finances for all those with an interest in the Consortium's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Tri-County Office on Aging, 5303 South Cedar Street, Lansing, MI 48911.

BASIC FINANCIAL STATEMENTS

Tri-County Aging Consortium

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2007

	General	Grants Special Revenue	Capital Projects (Capital Campaign)
ASSETS			
Cash and cash equivalents	\$ 703,524	\$ 815,981	\$ 46,712
Investments	524,140	-	514,182
Receivables			
Accounts receivable	4,059	38,208	-
Due from other governmental units	-	999,671	-
Prepays	6,225	34,874	-
Cash and cash equivalents - restricted	-	-	87,807
Capital assets, net	-	-	-
TOTAL ASSETS	\$ 1,237,948	\$ 1,888,734	\$ 648,701
LIABILITIES			
Accounts payable	\$ 34,538	\$ 601,276	\$ -
Accrued payroll	5,222	37,527	-
Other accrued liabilities	12,173	-	-
Deferred revenue	26,276	6,231	-
Accrued compensated absences	-	-	-
TOTAL LIABILITIES	78,209	645,034	-0-
FUND BALANCES			
Reserved for			
Prepays	6,225	34,874	-
Eating better/moving more	-	243	-
Capital campaign	-	-	648,701
Care management	-	52,312	-
Crisis management	-	18,368	-
Friends for life	255,539	-	-
Designated for			
Capital outlay	129,320	-	-
Title III-C2 state home delivered meals	-	81,006	-
Occupancy	100,000	-	-
HCBS - Waiver	406,724	1,047,982	-
Unreserved			
Undesignated, reported in General fund	261,931	8,915	-
TOTAL FUND BALANCES	1,159,739	1,243,700	648,701
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,237,948	\$ 1,888,734	\$ 648,701
NET ASSETS			
Invested in capital assets			
Restricted			
Unrestricted			
TOTAL NET ASSETS			

See accompanying notes to financial statements.

Total Governmental Funds	Adjustments	Statement of Net Assets
\$ 1,566,217	\$ -	\$ 1,566,217
1,038,322	-	1,038,322
42,267	-	42,267
999,671	-	999,671
41,099	-	41,099
87,807	-	87,807
-0-	80,536	80,536
<u>\$ 3,775,383</u>	<u>80,536</u>	<u>3,855,919</u>
\$ 635,814	-	635,814
42,749	-	42,749
12,173	-	12,173
32,507	(32,507)	-0-
-0-	83,397	83,397
<u>723,243</u>	<u>50,890</u>	<u>774,133</u>
41,099	(41,099)	-0-
243	(243)	-0-
648,701	(648,701)	-0-
52,312	(52,312)	-0-
18,368	(18,368)	-0-
255,539	(255,539)	-0-
129,320	(129,320)	-0-
81,006	(81,006)	-0-
100,000	(100,000)	-0-
1,454,706	(1,454,706)	-0-
<u>270,846</u>	<u>(270,846)</u>	<u>-0-</u>
<u>3,052,140</u>	<u>(3,052,140)</u>	<u>-0-</u>
<u>\$ 3,775,383</u>		
	80,536	80,536
	800,630	800,630
	<u>2,200,620</u>	<u>2,200,620</u>
	<u>\$ 3,081,786</u>	<u>\$ 3,081,786</u>

Tri-County Aging Consortium

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

September 30, 2007

Total fund balance - governmental funds \$ 3,052,140

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 592,268	
Accumulated depreciation is	<u>(511,732)</u>	
Capital assets, net		80,536

Long-term receivables are not available to pay for current period expenditures
and are therefore deferred in the funds. These consist of:

Deferred revenue		32,507
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Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Compensated absences	<u>(83,397)</u>	
----------------------	-----------------	--

Net assets of governmental activities \$ 3,081,786

See accompanying notes to financial statements.

Tri-County Aging Consortium

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2007

	General	Grants Special Revenue	Capital Projects (Capital Campaign)
EXPENDITURES/EXPENSES			
Health and welfare	\$ 399,535	\$ 11,084,164	\$ 48,505
PROGRAM REVENUES			
Charges for services	1,064	502,485	-
Operating grants and contributions	281,237	11,536,117	10,508
TOTAL PROGRAM REVENUES	282,301	12,038,602	10,508
NET PROGRAM EXPENSES	(117,234)	954,438	(37,997)
GENERAL REVENUES			
Interest	71,325	4,954	35,280
Municipal appropriations	201,372	-	-
TRANSFERS	(142,613)	142,613	-
TOTAL GENERAL REVENUES AND TRANSFERS	130,084	147,567	35,280
NET CHANGE IN FUND BALANCES	12,850	1,102,005	(2,717)
CHANGE IN NET ASSETS	-	-	-
Fund balances/net assets, beginning of the year	1,146,889	141,695	651,418
Fund balances/net assets, end of the year	\$ 1,159,739	\$ 1,243,700	\$ 648,701

See accompanying notes to financial statements.

<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 11,532,204	\$ 13,108	\$ 11,545,312
503,549	-	503,549
<u>11,827,862</u>	<u>10,587</u>	<u>11,838,449</u>
12,331,411	10,587	12,341,998
<u>799,207</u>	<u>(2,521)</u>	<u>796,686</u>
111,559	-	111,559
201,372	-	201,372
<u>-0-</u>	<u>-</u>	<u>-0-</u>
312,931	-0-	312,931
1,112,138	(1,112,138)	-
-0-	1,109,617	1,109,617
<u>1,940,002</u>	<u>32,167</u>	<u>1,972,169</u>
<u>\$ 3,052,140</u>	<u>\$ 29,646</u>	<u>\$ 3,081,786</u>

Tri-County Aging Consortium

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Net change in fund balances - total governmental funds **\$ 1,112,138**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 20,494
Depreciation expense	<u>(27,110)</u>

Excess of depreciation expense over capital outlay	(6,616)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	10,587
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued compensated absences	<u>(6,492)</u>
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Change in net assets of governmental activities	<u>\$ 1,109,617</u>
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See accompanying notes to financial statements.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tri-County Aging Consortium (the "Consortium") is the designated Area Agency on Aging (AAA) for Region VI of Michigan (Ingham, Clinton, and Eaton Counties). As an AAA, the Consortium is responsible for regional planning and coordination of services for older people. This designation dates back to April 1974, when the first Area Plan for this region was approved by the State of Michigan Offices of Services to the Aging.

The Consortium began in 1972 when a grant from the State Commission on Aging was awarded to the Lansing Planning Department to conduct a needs survey for Lansing elderly. As a result of this research, the Lansing City Council created a Senior Citizens Department in January 1974. Later that year, the Department secured the necessary two thirds approvals of the Boards of Commissioners of Ingham, Clinton, and Eaton Counties to apply for designation as an Area Agency on Aging under the Older Americans Act.

The Consortium Board, the policy-making body for the agency, was established under the Urban Cooperation Act of 1967. The Consortium's thirteen-member board features the combined input and representation from the Lansing Mayor's Office, Lansing City Council, East Lansing City Council, and the Boards of Commissioners of Ingham, Clinton, and Eaton Counties. Each of the governmental bodies contributes local funds which finance a portion of the Consortium's activities. The Consortium then pursues other funding sources to bring tax dollars back into the region for the purpose of providing services to senior citizens.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements are exclusive presentations of the financial condition and results of operations of the Tri-County Aging Consortium.

2. Basis of Presentation

Combined financial statements are provided for the Governmental Funds Balance Sheet and the Statement of Net Assets and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. Descriptions of both presentations included in the basic financial statements are as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the Consortium as a whole.

The statement of activities presents the direct functional expenses of a given function or segment and the program revenues that support them. Direct expenses are specifically associated with a function or segment and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and all County appropriations and shows how governmental functions are either self-financing or supported by the general revenues of the Consortium.

FUND FINANCIAL STATEMENTS

The Consortium uses three funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The governmental fund financial statements present the Consortium's major funds.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The major funds of the Consortium are:

- a. General Fund - This fund is the Consortium's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. Grants Special Revenue Fund - This fund reports grant program revenues and expenditures of Federal and State grant monies primarily passed through the Offices on Services to the Aging (OSA).
- c. Capital Projects Fund - This fund accounts for the acquisition of capital assets or construction of major capital projects.

3. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The Consortium reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Resources are considered available if they are collected during the current fiscal year or soon enough afterward to be used in payment of current year liabilities - defined as expected to be received within sixty days of year-end. Deferred revenues also arise when the Consortium receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

4. Measurement Focus

The government-wide statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets and Budgetary Accounting

The annual budget of the Consortium is prepared by Consortium management and approved by the Board at the total expenditure level. Any revisions to the original budget are approved by the Board before the end of the fiscal year.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of the Consortium's checking and savings accounts, imprest cash, certificates of deposit, and money market funds.

7. Restricted Cash

Restricted cash consists of an endowment fund held by the Capital Region Community Foundation for building and equipment purchases by the Meals on Wheels program.

8. Investments

Investments consist of the Consortium's holdings in bonds and U.S. Treasury obligations with an original maturity in excess of 90 days.

9. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and charges for services, and accounts receivable related to charges for services, interest receivable and other amounts owed to the Consortium at year-end.

10. Interfund Transactions

During the course of normal operations, the Consortium has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect such transactions as operating transfers.

11. Prepays

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenditures/expenses.

12. Capital Assets

Capital assets include equipment, vehicles, and leasehold improvements and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more, with estimated useful lives of more than two years. Capital assets are not recorded in the governmental funds. Instead, capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	15 years
Vehicles	6 years
Equipment	10 years

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Compensated Absences

The Consortium's policy is to permit employees to accumulate earned but unused vacation time, subject to varying amounts based on length of service. This amount has been recorded in the statement of net assets.

14. Deferred Revenue

Deferred revenue consists of amounts related to long-term assets recorded at the fund level that are not available to finance current period expenditures and are therefore deferred. Since these revenues have been earned, they are not deferred in the government-wide financial statements.

15. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

16. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since its inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH AND CASH EQUIVALENTS

In accordance with Michigan Compiled Laws, the Consortium is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States Banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Corporation or Government National Mortgage Association.

Deposits

The Consortium's bank deposits at September 30, 2007, are composed of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Regular checking	\$ 1,526,890	\$ 1,636,073
Certificates of deposit	<u>39,027</u>	<u>39,027</u>
	<u>\$ 1,565,917</u>	<u>\$ 1,675,100</u>

The cash and cash equivalents reported in the basic financial statements included \$300 in imprest cash.

The Consortium holds \$87,807 in an Endowment Fund with Capital Region Community Foundation, which is included in restricted cash.

Bank deposits of the Consortium are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Consortium. As of September 30, 2007, the Consortium's accounts were insured by the FDIC for \$139,027 and the amount of \$1,536,073 was uninsured and uncollateralized.

Investments

As of September 30, 2007, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>	<u>Moody's Rating</u>
PRIMARY GOVERNMENT				
Insured or registered for which the securities are held by the Consortium's agent in the Consortium's name - Uncategorized				
Federal National Mortgage Association	\$ 263,593	\$ 263,593	152 months	Aaa
Government National Mortgage Association	89,613	89,613	314 months	Aaa
Federal Home Loan Mortgage Corporation	135,530	135,530	154 months	Aaa
Federal Home Loan Bank Bond	135,541	135,541	24 months	Aaa
U.S. Treasury Notes	<u>414,045</u>	<u>414,045</u>	46 months	Not rated
	<u>\$ 1,038,322</u>	<u>\$ 1,038,322</u>		

The investments are insured and registered with securities held by Linsco/Private Ledger Financial Services, Inc. The maximum insurance for investments with Linsco/Private Ledger Financial Services, Inc. is provided by the Securities Investor Protection Act at \$500,000 each.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Rating information for the Consortium's investments is presented in the preceding table.

Interest rate risk

The Consortium will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Consortium's cash requirements.

Concentration of credit risk

The Consortium will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Consortium's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The Consortium will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed above as authorized investments, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Consortium will do business.

NOTE C: CAPITAL ASSETS

The following provides a summary of the changes in capital assets for the year ended September 30, 2007:

	<u>Balance</u> <u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2007</u>
Leasehold improvements	\$ 142,677	\$ -	\$ -	\$ 142,677
Vehicles	146,752	20,494	-	167,246
Equipment	<u>282,345</u>	<u>-</u>	<u>-</u>	<u>282,345</u>
	571,774	20,494	-0-	592,268
Less accumulated depreciation for:				
Leasehold improvements	(114,142)	(9,512)	-	(123,654)
Vehicles	(107,527)	(12,923)	-	(120,450)
Equipment	<u>(262,953)</u>	<u>(4,675)</u>	<u>-</u>	<u>(267,628)</u>
Total accumulated depreciation	<u>(484,622)</u>	<u>(27,110)</u>	<u>-0-</u>	<u>(511,732)</u>
Capital assets, net	<u>\$ 87,152</u>	<u>\$ (6,616)</u>	<u>\$ -0-</u>	<u>\$ 80,536</u>

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE D: INTERFUND TRANSFERS

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to Grants Special Revenue Fund from:	
General Fund	\$ <u>142,613</u>

NOTE E: LONG-TERM DEBT

The following is a summary of the changes in long-term debt (including current portion) of the Consortium for the year ended September 30, 2007:

	Balance Oct. 1, 2006	Additions	Deletions	Balance Sept. 30, 2007	Amounts Due Within One Year
Accumulated compensated absences	\$ 76,905	\$ 6,492	\$ -	\$ 83,397	\$ 16,679

Accumulated Compensated Absences

In accordance with Consortium personnel policies, individual employees have vested rights upon termination of employment to receive payment for unused vacation under formulas and conditions specified in their personnel policies handbook.

The dollar amount of these vested rights including related payroll taxes, amounted to \$83,397 for vacation leave at September 30, 2007. This amount has been reported as a liability in the government-wide financial statements.

NOTE F: RETIREMENT PLAN

Plan Description

The Consortium participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the Consortium. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the Board of Directors. The plan requires no contribution from the employees.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE F: RETIREMENT PLAN - CONTINUED

Annual Pension Cost

For the year ended September 30, 2007, the Consortium's annual pension cost of \$167,098 for the plan was equal to the Consortium's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five (5) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions over 30 years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Actuarial value of assets	\$ 4,870,814	\$ 5,195,888	\$ 5,628,795
Actuarial accrued liability (AAL) (entry age)	4,445,889	4,653,152	5,057,074
(Overfunded) AAL	(424,925)	(542,736)	(571,721)
Funded ratio	110 %	112 %	111 %
Covered payroll	2,038,902	1,919,970	2,095,302
UAAL as a percentage of covered payroll	0 %	0 %	0 %

	Year Ended September 30,		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Annual pension cost	\$ 188,417	\$ 186,000	\$ 167,098
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE G: RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which they carry commercial insurance. During the year ended September 30, 2007, the Consortium has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three years.

NOTE H: NON-CANCELABLE OPERATING LEASE OBLIGATIONS

The Tri-County Aging Consortium has entered into a twenty-year, non-cancelable long-term lease requiring monthly payments of \$13,605 through December 2017. In addition, the Consortium pays monthly operating expenses of \$7,712, which is adjusted annually to reflect the actual cost. For the year ended September 30, 2007, the Consortium was required to pay an additional \$77,635 for 2006 operating expenses. The following is a schedule of future minimum lease payments required under this operating lease as of September 30, 2007.

Tri-County Aging Consortium
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE H: NON-CANCELABLE OPERATING LEASE OBLIGATIONS - CONTINUED

Future minimum payments are as follows:

2008	\$ 163,260
2009	163,260
2010	163,260
2011	163,260
2012	163,260
2013-2017	<u>693,855</u>
TOTAL PAYMENTS	<u>\$ 1,510,155</u>

NOTE I: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the Consortium has set aside for specific purposes.

The following are the various fund balance reserves as of September 30, 2007:

General Fund	
Reserved for	
Prepays	\$ 6,225
Friends for life	<u>255,539</u>
	<u>\$ 261,764</u>
Grants Special Revenue Fund	
Reserved for	
Eating better/moving more	\$ 243
Prepays	34,874
Care management	52,312
Crisis management	<u>18,368</u>
	<u>\$ 105,797</u>
Capital Projects Fund	
Reserved for	
Capital campaign	<u>\$ 648,701</u>

The following are the various fund balance designations as of September 30, 2007:

General Fund	
Designated for	
Capital outlay	\$ 129,320
Occupancy	100,000
HCBS - Waiver	<u>406,724</u>
	<u>\$ 636,044</u>
Special Revenue Fund	
Designated for	
Title III-C2 state home delivered meals	\$ 81,006
HCBS - Waiver	<u>1,047,982</u>
	<u>\$ 1,128,988</u>

Tri-County Aging Consortium

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE J: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of September 30, 2007:

Governmental activities	
Restricted for other purposes	
Eating better/moving more	\$ 243
Capital campaign	648,701
Care management	52,312
Crisis management	18,368
Nutritional supplemental	<u>81,006</u>
	<u>\$ 800,630</u>

NOTE K: POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Consortium provided prescription coverage for retired employees. Substantially all of the Consortium's employees were eligible for these benefits if they worked as a full, three-quarter or part time position at the time of retirement. Effective January 1, 2008, the Consortium no longer supplements prescription coverage for retired employees. Retirees will be responsible for paying 100% of the related premiums.

The cost of prescription coverage is recognized as an expense as insurance premiums are paid. For the year ended September 30, 2007, those costs totaled \$54,303.

REQUIRED SUPPLEMENTARY INFORMATION

Tri-County Aging Consortium

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended September 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ -	\$ -	1,064	1,064
Other grants - local sources	271,395	268,104	269,894	1,790
Municipal appropriations				
City of Lansing	87,000	87,000	43,500	(43,500)
City of East Lansing	12,731	12,731	12,731	-0-
Ingham County	59,564	59,130	59,130	-0-
Clinton County	32,427	32,191	32,191	-0-
Eaton County	53,820	53,820	53,820	-0-
Interest	61,327	71,327	71,325	(2)
Contributions	12,855	11,000	11,343	343
TOTAL REVENUES	591,119	595,303	554,998	(40,305)
EXPENDITURES				
Health and welfare				
Salaries and wages	178,000	160,335	146,679	13,656
Fringe benefits	76,852	69,170	86,321	(17,151)
Operating expenditures	156,867	146,256	138,333	7,923
Professional services	32,500	56,540	26,325	30,215
Travel and training	6,900	2,890	1,877	1,013
TOTAL EXPENDITURES	451,119	435,191	399,535	35,656
EXCESS OF REVENUES OVER EXPENDITURES	140,000	160,112	155,463	(4,649)
OTHER FINANCING (USES)				
Transfers out	(140,000)	(160,112)	(142,613)	17,499
NET CHANGE IN FUND BALANCE	-0-	-0-	12,850	12,850
Fund balance, beginning of year	1,146,889	1,146,889	1,146,889	-0-
Fund balance, end of year	<u>\$ 1,146,889</u>	<u>\$ 1,146,889</u>	<u>\$ 1,159,739</u>	<u>\$ 12,850</u>

Tri-County Aging Consortium
Grants Special Revenue Fund
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 473,234	\$ 464,311	\$ 502,485	\$ 38,174
Intergovernmental - Federal/State	9,613,312	10,427,631	11,452,243	1,024,612
Other grants - local sources	132,952	122,952	56,034	(66,918)
Interest	12,782	10,880	4,954	(5,926)
Contributions	58,475	53,475	27,840	(25,635)
Carryover	198,307	-	-	-0-
TOTAL REVENUES	10,489,062	11,079,249	12,043,556	964,307
EXPENDITURES				
Health and welfare				
Salaries and wages	2,065,538	2,142,750	1,998,047	144,703
Fringe benefits	654,971	678,730	650,490	28,240
Operating expenditures	1,278,289	1,278,510	1,389,731	(111,221)
Professional services	45,587	45,588	51,779	(6,191)
Subcontractor expenditures	6,459,256	6,968,362	6,878,141	90,221
Travel and training	125,421	125,421	115,976	9,445
TOTAL EXPENDITURES	10,629,062	11,239,361	11,084,164	155,197
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(140,000)	(160,112)	959,392	1,119,504
OTHER FINANCING SOURCES				
Transfers in	140,000	160,112	142,613	(17,499)
NET CHANGE IN FUND BALANCE	-0-	-0-	1,102,005	1,102,005
Fund balance, beginning of year	141,695	141,695	141,695	-0-
Fund balance, end of year	<u>\$ 141,695</u>	<u>\$ 141,695</u>	<u>\$ 1,243,700</u>	<u>\$ 1,102,005</u>

OTHER SUPPLEMENTARY INFORMATION

Tri-County Aging Consortium

Grants Special Revenue Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND OTHER FINANCING SOURCES (USES)

Year Ended September 30, 2007

	Title III Administrative	Title III-B Services	Title III-C1 Nutrition
REVENUES			
Charges for services	\$ -	\$ 2,985	\$ 202,765
Intergovernmental - Federal/State	140,754	336,299	498,749
Other grants - local sources	-	-	-
Interest	-	-	-
Contributions	-	-	200
TOTAL REVENUES	140,754	339,284	701,714
EXPENDITURES			
Health and welfare			
Salaries and wages	85,976	86,428	156,654
Fringe benefits	30,330	29,051	46,306
Operating expenditures	20,122	3,109	471,566
Professional services	3,599	-	7,267
Subcontractor expenditures	-	208,695	5,456
Travel and training	898	-	14,465
TOTAL EXPENDITURES	140,925	327,283	701,714
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(171)	12,001	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(12,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	(12,000)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (171)	\$ 1	\$ -0-

<u>Title III-C2 State Home Delivered Meals</u>	<u>Title III-D Services</u>	<u>Crisis Management</u>	<u>Elder Abuse Prevention</u>	<u>HCBS Waiver</u>
\$ 290,156	\$ 412	\$ -	\$ -	\$ -
985,553	24,734	-	5,946	8,500,661
52,061	-	-	-	-
4,558	-	396	-	-
14,501	-	12,999	-	-
<u>1,346,829</u>	<u>25,146</u>	<u>13,395</u>	<u>5,946</u>	<u>8,500,661</u>
553,692	-	-	-	872,617
194,900	-	-	-	275,567
620,573	-	43	-	220,183
13,789	-	-	-	23,235
-	25,146	26,993	5,946	5,980,137
81,712	-	-	-	15,320
<u>1,464,666</u>	<u>25,146</u>	<u>27,036</u>	<u>5,946</u>	<u>7,387,059</u>
(117,837)	-0-	(13,641)	-0-	1,113,602
120,000	-	12,000	-	-
-	-	-	-	-
<u>120,000</u>	<u>-0-</u>	<u>12,000</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 2,163</u>	<u>\$ -0-</u>	<u>\$ (1,641)</u>	<u>\$ -0-</u>	<u>\$ 1,113,602</u>

Tri-County Aging Consortium

Grants Special Revenue Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND OTHER FINANCING SOURCES (USES) - CONTINUED

Year Ended September 30, 2007

	Alternative Care	Care Management	Respite
REVENUES			
Charges for services	\$ -	\$ -	\$ 5,573
Intergovernmental - Federal/State	152,260	252,789	200,545
Other grants - local sources	-	395	-
Interest	-	-	-
Contributions	-	140	-
TOTAL REVENUES	152,260	253,324	206,118
EXPENDITURES			
Health and welfare			
Salaries and wages	-	139,702	-
Fringe benefits	-	40,208	-
Operating expenditures	-	35,874	11,902
Professional services	-	3,889	-
Subcontractor expenditures	152,260	53,413	194,216
Travel and training	-	2,316	-
TOTAL EXPENDITURES	152,260	275,402	206,118
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(22,078)	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	22,613	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	22,613	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -0-	\$ 535	\$ -0-

Medicare/ Medicaid Assistance	Title III E Services	Senior Refugee Project	State In-Home Care	State Access Service
\$ -	\$ 594	\$ -	\$ -	\$ -
15,776	152,809	9,750	104,720	31,779
3,578	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,354	153,403	9,750	104,720	31,779
13,845	27,477	-	-	22,098
2,920	10,348	-	-	9,681
1,843	3,923	46	-	-
-	-	-	-	-
-	111,455	9,704	104,720	-
746	200	-	-	-
19,354	153,403	9,750	104,720	31,779
-0-	-0-	-0-	-0-	-0-
-	-	-	-	-
-	-	-	-	-
-0-	-0-	-0-	-0-	-0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Tri-County Aging Consortium

Grants Special Revenue Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND OTHER FINANCING SOURCES (USES) - CONTINUED

Year Ended September 30, 2007

	National Association of Area Agencies on Aging	Self Determination	Total
REVENUES			
Charges for services	\$ -	\$ -	\$ 502,485
Intergovernmental - Federal/State	-	39,119	11,452,243
Other grants - local sources	-	-	56,034
Interest	-	-	4,954
Contributions	-	-	27,840
TOTAL REVENUES	-0-	39,119	12,043,556
EXPENDITURES			
Health and welfare			
Salaries and wages	9,030	30,528	1,998,047
Fringe benefits	2,026	9,153	650,490
Operating expenditures	547	-	1,389,731
Professional services	-	-	51,779
Subcontractor expenditures	-	-	6,878,141
Travel and training	-	319	115,976
TOTAL EXPENDITURES	11,603	40,000	11,084,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,603)	(881)	959,392
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	154,613
Transfers out	-	-	(12,000)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	142,613
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (11,603)	\$ (881)	\$ 1,102,005

Tri-County Aging Consortium

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2007

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Michigan Office of Services to the Aging			
Title IIIC	10.550		
Food Donation		\$ 217,361	\$ 217,361
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Michigan Office of Services to the Aging			
Title VII Elder Abuse Prevention	93.041	5,946	5,946
Title IIID In-Home Services	93.043	24,734	24,734
Aging Cluster ^{(a) (b)}			
Title III Area Agency Administration	93.044	121,542	121,542
Title IIIB Support Services	93.044	336,299	336,299
Title IIIC	93.045		
Congregate Meals		392,264	392,264
Home Delivered Meals		<u>185,214</u>	<u>185,214</u>
Total Aging Cluster		1,035,319	1,035,319
Title IIIE Services	93.052	152,809	152,809
Michigan Senior Refugee Project	93.576	9,750	9,750
Medicare/Medicaid Assistance Program ^(a)	93.779	<u>19,354</u>	<u>19,354</u>
Total passed through Michigan Office of Services to the Aging		1,247,912	1,247,912
Passed through Michigan Department of Community Health			
Medical Assistance ^(a)	93.778		
HCBS/ED - Waiver		4,493,588	4,493,588
Nursing Home Ombudsman (NHO)		<u>7,785</u>	<u>7,785</u>
		<u>4,501,373</u>	<u>4,501,373</u>
TOTAL FEDERAL AWARD EXPENDITURES		<u>\$ 5,966,646</u>	<u>\$ 5,966,646</u> (c)

Tri-County Aging Consortium

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2007

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Tri-County Aging Consortium and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (c) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Denotes program tested as "major program".
- (b) Denotes programs considered a cluster by the U.S. Department of Health and Human Services.
- (c) The following reconciles the federal revenues reported in the September 30, 2007, fund financial statements to the expenditures of the Consortium administered federal programs reported on the Schedule of Expenditures of Federal Awards:

Federal/State Revenue (per financial statements)	
Grants Special Revenue Fund	\$ 11,452,243
<u>Less: Portions of grant funding considered "State" funding</u>	<u>(5,485,597)</u>
	<u>\$ 5,966,646</u>

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA



ABRAHAM & GAFFNEY, P.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Tri-County Aging Consortium as of and for the year ended September 30, 2007, and have issued our report thereon dated March 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tri-County Aging Consortium's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Consortium's financial statements that is more than inconsequential will not be prevented or detected by the Consortium's internal control.

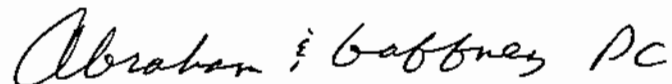
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Consortium's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tri-County Aging Consortium financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our testing disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management, others within the entity, the Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney PC".

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 13, 2008

Principals

Dale J. Abraham, CPA
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

Compliance

We have audited the compliance of the Tri-County Aging Consortium with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended September 30, 2007. The Tri-County Aging Consortium's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major Federal programs is the responsibility of the Tri-County Aging Consortium's management. Our responsibility is to express an opinion on the Tri-County Aging Consortium's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Tri-County Aging Consortium's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Tri-County Aging Consortium's compliance with those requirements.

In our opinion, the Tri-County Aging Consortium complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

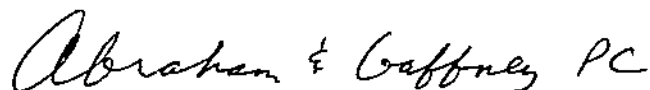
The management of the Tri-County Aging Consortium is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Tri-County Aging Consortium's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tri-County Aging Consortium's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Board of Directors and management, others within the entity, the Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Abraham & Gaffney PC". The script is cursive and fluid.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 13, 2008

Tri-County Aging Consortium

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.778 93.044, 93.045	Medicaid Assistance Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Tri-County Aging Consortium
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2007

There were no findings disclosed for the past two years